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INFORMATION TECHNOLOGY

This Opera Lover Is Singing Again

The tech wreck rocked Alberto Vilar. Now his Amerindo is riding the Net's next wave

Of all the internet true believers, few suffered more publicly in the aftermath of the dot-com collapse than Alberto W. Vilar. Between the NASDAQ peak in early 2000 and its nadir in late 2002, capital managed by Vilar's Amerindo Investment Advisors Inc., one of the most aggressive investors in tech startups, dropped from \$7.5 billion to less than \$1 billion. Insult to injury: His name was stripped from the interior wall of the Metropolitan Opera House after he asked to delay payments on a \$20 million pledge.

Well, Vilar is trying to make a comeback. The value of Amerindo's holdings in its private equity and mutual funds has climbed more than 200% from its trough, and now he's hoping that the anticipated initial public offering of Google Inc. fuels a runup in newly issued tech stocks -- boosting Amerindo. The courtly 63-year-old Cuban American clucks with anticipation. "One of these days we'll get a very big bounce," he predicts.

He's not the only one who stands to gain. When Amerindo is flush, Vilar takes sizable stakes in startups both before and after they go public, then often holds the stock for years. That has made the firm's marble-and-glass offices on New York's Park Avenue a magnet for entrepreneurs on tech road shows. Much of the world's opera community is rooting for Vilar as well. He's the No. 1 patron of that art -- to the tune of nearly \$100 million in pledges over the past decade. If the markets cooperate, he plans to open his wallet again. But he warns: "Some people will not be on the list."

A CHANGE OF TUNE

Vilar isn't out for revenge, though. He's drawn to big risks and even bigger rewards. He says he has learned from the bust. Vilar is willing to take profits when he thinks a bull market is topping out. For instance, late last year, after the big tech runup, he and partner Gary A. Tanaka sold half of Amerindo's holdings and gradually reinvested in new stocks -- including Red Hat Inc., the leading Linux software company. But one thing hasn't changed. They're still looking for bets with a potential 1,000% return, like the ones they got from Cisco Systems (CSCO) and eBay (EBAY).

The urge to buy and sell runs in Vilar's blood, as does a love of music. He was raised in a posh apartment in pre-Castro Havana by his father, also named Alberto Vilar, a successful sugar executive, and his grandmother, who encouraged him to enjoy classical music. A slim, sensitive child, he spent his time reading, listening to music, and at church -- where he was an altar boy. His father hated religion and forbade him to play the violin. His father's disapproval and teasing by other children shaped Vilar's personality. "He's very competitive, though he's quiet," says longtime friend Mario Gaztambide. "He was out to prove to people that he was just as good or better than the rest."

Vilar learned early lessons while grappling with the aftershocks of the Cuban revolution. When Fidel Castro nationalized Cuba's industries, the Vilar family lost its fortune. "A lot of people go from rags to riches. We went from riches to rags," he says. And the loss was traumatic. His father never fully recovered. Vilar, as a young money manager in New York, devoted much of his energy and finances to helping relatives leave Cuba. He says the patience he learned, and the focus on long-term goals, shaped his investment philosophy at Amerindo.

Now he's hoping that strategy will bring Amerindo all the way back. He favors technology companies that will benefit from the

growing popularity of broadband and wireless networks -- such as XM Satellite Radio Holdings Inc. (**XMSR**) and Juniper Networks Inc. (**JNPR**). Analysts warn that his volatile Amerindo Technology Fund is only for investors with steel nerves. The mutual fund declined 64% in 2000 and 51% in 2001. "I tell people, 'Don't buy this fund,'" says analyst Laura Pavlenko Lutton of researcher Morningstar Inc. But for those willing to take a chance with Vilar, the rewards can be sweet. The fund returned 84% in 1998, 248% in 1999, and 85% last year, trouncing others in its category.

A PATRON, AN INNOVATOR

Still, the impact of Vilar's tumble left the opera world shaken. The banker delayed payments to a half-dozen outfits in addition to the Met, which won't comment on the matter. But, already, some people regret how the organizations treated him. One member of the Met board, who asks to be anonymous, says, "I think they made a mistake" by taking his name down. "His intentions were always good."

In his heyday, Vilar wasn't just a sugar daddy for opera, he was an innovator. He paid the bills so opera companies could try something new. And he showed plenty of stomach for risk. During a 2001 staging of Mozart's *The Marriage of Figaro* at the staid Salzburg Festival, which he backed, some in the audience started booing and shouting, "You're killing Mozart," when singers appeared on stage in miniskirts and jeans. "Alberto was just laughing. He knew that's show biz," says Karen Brooks Hopkins, president of the Brooklyn Academy of Music, who was seated with him.

Vilar went through an extremely dark period after the Met meltdown. He's divorced, with no children, and seat A101 in the opera house had long been his second home. But after his public embarrassment, he didn't return for more than a year. During the same period, he developed a back problem that required six surgeries. At one point it seemed he would never walk again. "The glimmer was gone from his eye," says Tanaka.

Now it seems to be back. During a tour of his 11,000-square-foot apartment overlooking midtown Manhattan, Vilar proudly shows off rococo furniture, paintings, and decor. His goal, he says, is to spend the next half-decade riding the new Internet wave so he can make good on his pledges to arts groups. He also plans on making large grants to health-care research and institutions.

Yet as upbeat as Vilar has become, his emotional scars have not healed. Twice during a long interview in his apartment he returned to his treatment by the Met. "To bite the hand that feeds.... That's somewhere between dumb and abusive," he says bitterly. He finally broke his boycott by attending May productions of Wagner's *Ring* operas. Still, he says, "It was tough for me to go back there." It will take more than plaintive arias from Brunhilde to thaw relations with the banker in seat A101.

By Steve Hamm in New York

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